

ILLINOIS-AMERICAN WATER COMPANY

Capital Structure as of June 30, 2002 Per Books and Pro Forma
Giving Effect to the Proposed Financing

EXHIBIT "1.1" - Application for Authority to Incur Long Term Debt

	<u>Per Books</u>		<u>Adjustments</u>	<u>Pro Forma</u>	
Loans and Notes Payable:					
American Water Works Capital Corporation	39,008,059	7.1%	(28,695,354)	10,312,705	1.9%
Long Term Debt:					
9.625% Series, due 2/1/2019	6,000,000			6,000,000	
5.15% Series, due 8/1/2023	5,800,000			5,800,000	
6.57% Series, due 2/1/2004	16,800,000			16,800,000	
6.76% Series, due 12/1/2005	7,000,000			7,000,000	
5.00% Series, due 2/1/2028	11,990,000			11,990,000	
5.10% Series, due 6/1/2029	30,645,000			30,645,000	
Variable Rate Series, due 3/1/2032	24,860,000			24,860,000	
9.22% Series, due 2/1/2009	4,200,000		(600,000)	3,600,000	
5.50% Series, due 12/1/2026	7,000,000			7,000,000	
5.00% Series, due 2/1/2028	6,000,000			6,000,000	
Variable Rate Series, due 5/1/2032	23,325,000			23,325,000	
4.92% Series, due 11/6/06 (to be replaced)	103,758,370		(103,758,370)	0	
4.92% Series, due 11/6/06 (Proposed)	0		103,758,370	103,758,370	
Other new issuance (Proposed)	0		50,241,630	50,241,630	
Current Portion of Long-Term Debt	<u>21,869,383</u>		<u>(21,869,383)</u>	<u>0</u>	
Total Long Term Debt	269,247,753	48.9%	27,772,247	297,020,000	53.9%
Preferred Stock:					
6.75% Cumulative Preference Stock	<u>12,000</u>			<u>12,000</u>	
Total Preferred Stock	12,000	0.0%	0	12,000	0.0%
Common Equity:					
Common Stock	169,061,157			169,061,157	
Paid-In Capital	2,347,616			2,347,616	
Retained Earnings	<u>70,390,904</u>		<u>1,269,585</u>	<u>71,660,489</u>	
Total Common Equity	241,799,677	44.0%	1,269,585	243,069,262	44.2%
TOTAL CAPITALIZATION	<u>550,067,489</u>		<u>346,478</u>	<u>550,413,967</u>	

STATE OF ILLINOIS
ILLINOIS COMMERCE COMMISSION

STATEMENT OF CAPITAL STOCK AND INDEBTEDNESS
As of June 30, 2002

EXHIBIT "1.2" - Application for Authority to Incur Long Term Debt

Name of Company: ILLINOIS-AMERICAN WATER COMPANY

Capital Stock:

CAPITAL STOCK:

Description of Issue	Number of Shares Authorized	Par Value of One Share	Total Par Value Authorized	Dividends Paid during 12 Months Ended 6/30/02		
				Shares Outstanding	Rate	Amount
Common Stock	13,500,000	None	N/A	12,168,608	\$0.814	\$9,911,051.32
Cumulative Preference Stock 6.75% Series	120	100	12,000	120	6.750	945.00
Total Capital Stock	13,500,120		\$12,000	12,168,728		\$9,911,996.32

DIVIDENDS PAID DURING 2001:

Common Stock				Cumulative First Preferred Stock 6.0% series (1)			
	Shares Outstanding	Dividend Per Share	Amount Paid		Shares Outstanding	Dividend Per Share	Amount Paid
2001	6,937,125	\$1.62	\$11,238,142.50	2001	5,500	\$6.00	\$33,000.00

Cumulative Preference Stock 6.875% Series (2)				Cumulative Preference Stock 6.75% Series			
	Shares Outstanding	Dividend Per Share	Amount Paid		Shares Outstanding	Dividend Per Share	Amount Paid
2001	480	\$1.71875	\$825.00	2001	120	\$3.9375	\$472.50
	480	\$6.87500	\$3,300.00		120	\$6.7500	\$810.00

(1) Retired June 28, 2002

(2) Retired March 1, 2002

STATE OF ILLINOIS
ILLINOIS COMMERCE COMMISSION

STATEMENT OF CAPITAL STOCK AND INDEBTEDNESS
As of June 30, 2002

Exhibit "1.2" - Application for Authority to Incur Long Term Debt (Cont.)

Name of Company: ILLINOIS-AMERICAN WATER COMPANY

Capital Stock:

LONG TERM DEBT:

Class of Bond or Obligation	Issue Date	Maturity Date	Total Principal Amount Outstanding	Annualized Interest at 6/30/02	
				Rate	Amount
General Mortgage Bonds					
9.625% Series	03/15/1989	02/01/2019	6,000,000	9.625%	577,500
7.19% Series	12/23/1992	12/01/2002	21,000,000	7.190%	1,509,900
5.15% Series	09/23/1993	08/01/2023	5,800,000	5.150%	298,700
6.57% Series	03/23/1994	02/01/2004	16,800,000	6.570%	1,103,760
6.76% Series	12/28/1995	12/01/2005	7,000,000	6.760%	473,200
5.00% Series	02/24/1998	02/01/2028	11,990,000	5.000%	599,500
5.10% Series	06/23/1999	06/01/2029	30,645,000	5.100%	1,562,895
Variable Rate Series	03/28/2002	03/01/2032	24,860,000 (1)	6.000%	1,491,600
Northern First Bonds					
9.22% Series	12/15/1989	02/01/2009	4,800,000	9.220%	442,560
5.50% Series	12/19/1996	12/01/2026	7,000,000	5.500%	385,000
5.00% Series	02/24/1998	02/01/2028	6,000,000	5.000%	300,000
Demand Installment Obligation					
Shiloh Note	08/21/1998	08/21/2003	269,383	6.500%	17,510
Citizens Acquisition					
Variable Rate Series	05/01/1997	05/01/2032	23,325,000 (1)	6.000%	1,399,500
4.92% Series (2)	03/01/2002	11/06/2006	103,758,370	4.920%	5,104,912
Total Long Term Debt			\$269,247,753		15,266,537

(1) Interest calculated at an assumed rate of 6% for variable rate issues.

(2) To be replaced.

STATE OF ILLINOIS
ILLINOIS COMMERCE COMMISSION

STATEMENT OF CAPITAL STOCK AND INDEBTEDNESS
As of June 30, 2002

EXHIBIT "2.1" - Application for Authority to Incur Long Term Debt (Cont.)

Name of Company: ILLINOIS-AMERICAN WATER COMPANY

Capital Stock:

LOANS AND NOTES PAYABLE

Name of Creditor	Issue Date	Maturity Date	Amount Outstanding	Annualized Interest at 6/30/02	
				Rate	Amount
American Water Works Capital Corporation	07/01/2002	07/1/2003	\$39,008,059	(1)	\$819,481

(1) Notes payable carry a variable rate. The effective variable rate for June, 2002 is 2.1008%, which is used above.

ILLINOIS-AMERICAN WATER COMPANY

EXHIBIT "1.3"

**Balance Sheet as of June 30, 2002 Per Books and Pro Forma
Giving Effect of the Proposed Financing**

	<u>Per Books</u>	<u>Adjustments</u>	<u>Pro Forma</u>
Utility Plant			
Utility Plant in Service	\$725,198,390		\$725,198,390
Construction Work in Progress	12,368,725		12,368,725
Accumulated Provision for Depreciation	(200,433,344)		(200,433,344)
Utility Plant Acquisition Adjustments	40,052,245		40,052,245
Total Utility Plant	577,186,016	0	577,186,016
Other Property and Investments			
Non-Utility Property	104,248		104,248
Other investments	24,575,500		24,575,500
Total Other Property and Investments	24,679,748	0	24,679,748
Current Assets			
Cash	3,209,443	50,241,630 (1) (21,000,000) (2) (1,200,000) (3) (269,383) (4) (346,478) (5) (28,695,354) (6) 1,269,585 (7)	3,209,443
Customer Accounts Receivable	10,988,460		10,988,460
Allowance for Uncollectable Accounts	(541,209)		(541,209)
Unbilled Revenues	8,183,692		8,183,692
Materials and Supplies	2,159,178		2,159,178
Other	2,593,230		2,593,230
Total Current Assets	26,592,794	0	26,592,794
Deferred Debits			
Debt and Preferred Stock Expense	6,461,610	346,478 (5)	6,808,088
Expense of Rate Proceedings	265,894		265,894
Net Regulatory Asset - Income Tax Recoverable Thru Rates	9,527,669		9,527,669
Other Deferred Debits	18,199,162		18,199,162
Total Deferred Debits	34,454,335	346,478	34,800,813
Total Assets and Other Debits	\$662,912,893	\$346,478	\$663,259,371

(1) - (5) See Exhibit "1.3", Page 3 of 5 for explanations.

ILLINOIS-AMERICAN WATER COMPANY

EXHIBIT "1.3" (Cont.)

**Balance Sheet as of June 30, 2002 Per Books and Pro Forma
Giving Effect of the Proposed Financing**

	<u>Per Books</u>	<u>Adjustments</u>	<u>Pro Forma</u>
Proprietary Capital			
Common Stock	\$169,061,157		\$169,061,157
Paid-In Capital	2,347,616		2,347,616
Retained Earnings	70,390,904	1,269,585 (7)	71,660,489
Preferred Stock	12,000		12,000
Total Proprietary Capital	<u>241,811,677</u>	<u>1,269,585</u>	<u>243,081,262</u>
Long Term Debt	<u>269,247,753</u>	154,000,000 (1) (103,758,370) (1) (21,000,000) (2) (1,200,000) (3) (269,383) (4)	<u>297,020,000</u>
Current Liabilities			
Bank Debt Pending Issuance of Securities	39,008,059	(28,695,354) (6)	10,312,705
Accounts Payable	4,327,780		4,327,780
Taxes Accrued	4,782,303		4,782,303
Interest Accrued	3,940,631		3,940,631
Other	6,320,961		6,320,961
Total Current Liabilities	<u>58,379,734</u>	<u>(28,695,354)</u>	<u>29,684,380</u>
Deferred Credits			
Customer Advances for Construction	18,160,485		18,160,485
Deferred Income Taxes	21,353,105		21,353,105
Deferred Investment Tax Credits	3,156,495		3,156,495
Other	18,080,090		18,080,090
Total Deferred Credits	<u>60,750,175</u>	<u>0</u>	<u>60,750,175</u>
Contributions in Aid of Construction	<u>32,723,554</u>		<u>32,723,554</u>
Total Liabilities and Other Credits	<u>\$662,912,893</u>	<u>\$104,104,848</u>	<u>\$663,259,371</u>

(1) - (5) See Exhibit "2.2", Page 3 of 5 for explanations.

ILLINOIS-AMERICAN WATER COMPANY

EXHIBIT "1.3" (Cont.)

Adjustments to June 30, 2002 Balance Sheet
Giving Effect of the Proposed Financing

	<u>DEBIT</u>	<u>CREDIT</u>
(1) To reflect the issuance of the new long-term debt and replacement of existing 4.92% note.		
CASH	\$50,241,630	
LONG TERM DEBT	\$103,758,370	
LONG TERM DEBT		\$154,000,000
(2) To reflect the maturity of the 7.19% Bonds due December 1, 2002.		
LONG TERM DEBT	\$21,000,000	
CASH		\$21,000,000
(3) To reflect sinking fund payments on the 9.22% Bonds due December 1, 2002 and December 1, 2003.		
LONG TERM DEBT	\$1,200,000	
CASH		\$1,200,000
(4) To reflect payment on the 6.50% Shiloh Note due August 21, 2002 (reflects accrual only through 6-30-02).		
LONG TERM DEBT	\$269,383	
CASH		\$269,383
(5) To reflect the payment of the estimated issuance expenses of the proposed financing		
DEBT EXPENSE	\$346,478	
CASH		\$346,478
(6) To reflect the repayment of a portion of short term bank debt outstanding at 6/30/02.		
BANK DEBT PENDING ISSUANCE OF SECURITIES	\$28,695,354	
CASH		\$28,695,354
(7) To reflect estimated income to retained earnings for the period July 1, 2002 to December 31, 2002.		
CASH	\$1,269,585	
RETAINED EARNINGS		\$1,269,585

ILLINOIS-AMERICAN WATER COMPANY

EXHIBIT "1.3" (Cont.)

Statement of Income for the Twelve Months Ended June 30, 2002
Per Books and Pro Forma, Giving Effect of the Proposed Financing
And Other Adjustments as Indicated

	<u>Per Books</u>	<u>Adjustments</u>	<u>Pro Forma</u>
Operating Revenues	<u>\$121,444,407</u>		<u>\$121,444,407</u>
Operating Expenses			
Operation and Maintenance Expense	62,942,876		62,942,876
Depreciation Expense	22,440,315		22,440,315
Taxes on Operating Income			
General Taxes	6,514,802		6,514,802
State Income Taxes	446,359	(158,134) (4)	288,225
Federal Income Taxes	5,508,036	(1,344,142) (5)	4,163,894
Total Operating Expenses	<u>97,852,388</u>	<u>(1,502,276)</u>	<u>96,350,112</u>
Utility Operating Income	23,592,019	1,502,276	25,094,295
Other Income			
AFUDC	0		0
Miscellaneous Other Income	<u>90,324</u>		<u>90,324</u>
	90,324	0	90,324
Other Deductions			
Miscellaneous Amortization	133,997		133,997
Miscellaneous Other Deductions	475,459		475,459
Taxes on Other Income			
General Taxes	8,468		8,468
State and Federal Income Taxes	<u>(161,509)</u>		<u>(161,509)</u>
	456,415	0	456,415
Income Before Interest Charges	23,225,928	1,502,276	24,728,204
Interest Charges			
Interest on Long Term Debt	10,625,779	5,302,235 (1)	15,928,014
		8,217,663 (6)	
		(8,217,663) (7)	
Amortization of Debt Expense	330,037	35,935 (2)	365,972
Interest on Bank Debt	1,601,459	(1,384,810) (3)	216,649
Other Interest	55,571		55,571
AFUDC	<u>(209,628)</u>		<u>(209,628)</u>
Total Interest Charges	<u>12,403,218</u>	<u>3,953,360</u>	<u>16,356,578</u>
Net Income	10,822,710	(2,451,084)	8,371,626
Preferred Stock Dividends	38,553		38,553
Net Income to Common Stock	<u>\$10,784,157</u>	<u>(\$2,451,084)</u>	<u>\$8,333,073</u>
Times Interest Earned	2.75 x		1.84 x (8)

(1) - (5) See Exhibit "1.3", Page 5 of 5 for explanations.

(6) Annualized interest on 4.92% Series, due 11/6/06 (Proposed).

(7) Annualized interest on 4.92% Series, due 11/6/06 (to be replaced).

(8) Times Interest Earned assuming full amount of anticipated 2003 rate increase annualized is in excess of 4.0x.

ILLINOIS-AMERICAN WATER COMPANY

EXHIBIT "1.3" (Cont.)

Adjustments to Twelve Months Ended June 30, 2002
Income Statement Giving Effect of the Proposed Financing
And Other Items as Indicated

(1) INTEREST ON LONG TERM DEBT	<u>\$5,302,235</u>
To reflect the change in the annual interest requirement on a pro forma basis for the long term debt that will be outstanding after the proposed financing.	
(2) AMORTIZATION OF DEBT EXPENSE	<u>\$35,935</u>
To reflect the estimated change in the annual amortization of financing expense on long term debt that will be outstanding after the proposed financing.	
(3) INTEREST ON SHORT-TERM DEBT	<u>(\$1,384,810)</u>
To reflect the change in annual interest expense on bank debt that will result from the proposed financing.	
(4) STATE INCOME TAXES	<u>(\$158,134)</u>
To adjust provision for state income taxes for the twelve months ended June 30, 2002 applicable to the change in total interest costs.	
(5) FEDERAL INCOME TAXES	<u>(\$1,344,142)</u>
To adjust provision for federal income taxes for the twelve months ended June 30, 2002 applicable to the change in total interest costs.	

ILLINOIS-AMERICAN WATER COMPANY

\$154,000,000 Conventional GMB's

EXHIBIT "1.4" - Estimated Expenses

Registration Fees	\$51,155
Legal Fees	11,830
Rating Fees	44,410
Illinois Commerce Commission Fees	237,767
American Water Works Capital Corporation	<u>1,316</u>
Total Expenses	<u><u>\$346,478</u></u>